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Northern Ireland
Assembly

Monday 30 November 2015

Public Accounts Committee - Reports and Memoranda of Reply - Cross-Border Broadband Initiative, The Bytel Project

Summary: During a motion that called on the Assembly to note a series of Public Accounts Committee reports, Mr Flanagan, addressed the report concerning the Bytel cross-border project. Mr Flanagan expressed his concern at DETI's performance as the lead responsibility for project oversight. However, Mr Flanagan noted the constructive work of the Public Accounts Committees in Dublin and in Belfast working together extremely well to produce an agreed report.

Mr Flanagan: I want to address most of my remarks to the report published this year by the Public Accounts Committee on the cross-border broadband initiative, the Bytel project. It provided high-speed broadband connectivity across Ireland and was delivered by a Belfast based company, Bytel Networks Limited. The project was funded by the Special EU Programmes Body (SEUPB) but jointly sponsored by the Department of Enterprise, Trade and Investment and the Department of Communications, Energy and Natural Resources. DETI had lead responsibility for project oversight and management. Bytel had costs of €4.3 million, but the project was by no means the largest project that the Committee has explored in terms of expenditure. That does not mean that the failings were any less significant or serious. Bytel delivered very poor value for money, and the Committee had grave concerns about the validity of the grant claims submitted and paid in respect of the project.

The Committee found that the project should never have been approved for public funding in the first place. Despite many clear warning signs about its viability from an early stage, it somehow managed to slip through the net. It was clear to the Committee, with the benefit of hindsight, that both Departments, particularly DETI, were preoccupied with the desire to utilise the EU funding that was available for the project rather than ensuring that it was properly managed and would deliver value for money. In that regard, the Public Accounts Committee in the North worked well with the Public Accounts Committee in the Oireachtas to ensure that a joint approach was taken, with two inquires at the same time. We held joint meetings to make sure that there was a coordinated approach and that information was shared well between Committees.

The Bytel project was heavily dependent on a contribution by a key partner, but, just weeks after the project was approved, that partner withdrew. DETI did not properly test that partner's contribution prior to awarding funding. Had it done so, it would have found that it had made no firm commitment to support the project. Bytel then made fundamental changes to the way its project was to be delivered, and, as a result, the costs of delivering it reduced dramatically. DETI did not reappraise the project at that stage, and that resulted in substantially more grant being paid to the project than was required. The failure to reappraise the project when it changed significantly was a fundamental shortcoming that contributed significantly to the problems that followed.

The Committee found that the standard of DETI's scrutiny and checking of grant claims from Bytel was appalling: for example, €1.3 million was paid for equipment that was ineligible for funding, worth only around €30,000 and never used in the project. The final grant claim for €2.2 million was paid in full despite the fact that there was no supporting evidence. The Committee concluded that the claim had no validity whatsoever. It is no surprise, given the Department's lax performance, that almost €4.2 million of the €4.3 million grant paid for the project was subsequently deemed ineligible for assistance.

We found that the Department's handling of serious allegations from whistle-blowers about the project was totally inadequate. It is beyond belief that initial allegations made in 2006 were investigated by the same officials who had authorised the payment of grant claims. The Department's senior management accepted unwarranted assurances from those officials that there were no matters of concern in the project. The Department also failed to investigate an internal Bytel email that contained allegations about improper activity.

Further allegations from whistle-blowers were received by the Department in 2008. The Department's investigation of those allegations was unduly protracted. A full investigation commenced only in 2011, initiated by other stakeholders who had become concerned about the problems with the project. The Committee was astonished that DETI withheld vital information about the project from key stakeholders, including SEUPB and the Department in the South, for far too long. Overall, DETI's response to the whistle-blower allegations was not of an acceptable standard, and that was a matter of great concern to the Committee.

Source: <http://data.niassembly.gov.uk/HansardXml/plenary-30-11-2015.pdf>

Tuesday 1 December 2015

British-Irish Council: Summit

Summary: Here First Minister Robinson provided the house with a statement on the twenty-fifth summit meeting of the British-Irish Council (BIC), which took place in Lancaster House in London on Friday 27 November 2015.

Mr P Robinson (The First Minister): The UK Government hosted the summit, and the heads of delegations were welcomed by the Secretary of State, the Rt Hon Theresa Villiers MP. The Irish Government were led by the Taoiseach, Enda Kenny TD; the Scottish Government were led by the First Minister, the Rt Hon Nicola Sturgeon MSP; and the Welsh Government were led by the First

Minister, the Rt Hon Carwyn Jones AM. The Isle of Man Government were led by the Chief Minister, the Hon Allan Bell MHK; the Government of Jersey were led by the Chief Minister, Senator Ian Gorst; and the Government of Guernsey were led by the Chief Minister, Deputy Jonathan Le Tocq.

The British-Irish Council was established under the 1998 multiparty agreement, and it plays a unique and important role in developing and furthering the links between its member Administrations. It provides a forum for exchange of information and collaboration on matters of mutual interest and fosters positive, practical relationships across these islands. Council members welcomed the agreement published on 17 November, 'A Fresh Start: The Stormont Agreement and Implementation Plan', following 10 weeks of cross-party talks involving the Northern Ireland Executive and the UK and Irish Governments.

Council members offered their condolences to the people of France following the recent terrorist attacks in Paris. The Council reflected Tuesday 1 December 2015 on the effects of the conflict in Syria, the refugee situation in the Middle East and the impact that it was having in Europe. It noted the efforts across the eight BIC member Administrations and internationally to help those refugees. Specifically, Ministers noted the value of joint working and cooperation between member Administrations on the domestic resettlement of refugees.

As is now customary at each summit, the Council discussed the current economic situation. All member Administrations outlined their latest economic indicators and the strategies in place to promote growth and to address unemployment. Overall, there was a picture of continued improvements in the respective Administrations. All Administrations reaffirmed the value of the Council's discussions in this matter. The Council also reviewed the latest youth employment statistics across the member Administrations and welcomed the progress made in this area.

The Council discussed the 12 BIC work sectors and noted the positive achievements since the previous summit in June 2015. This included ministerial meetings held by the creative industries and housing work sectors. All member Administrations reaffirmed the importance that they attach to the British-Irish Council, especially through the valued work undertaken by the work sectors. The Council agreed a number of principles, within the parameters set out in strand three of the 1998 agreement, to reinforce the sectors' work and ensure that BIC continues to deliver value for all member Administrations.

The UK Government, on behalf of the BIC environment work sector, presented a collaborative paper on natural capital and resources. The paper explored the challenge of safeguarding natural capital, with a particular focus on pollinators, and discussed the value of a strategic and collaborative approach. Minister Durkan responded to the paper on behalf of this Administration.

The Council noted the secretariat's mid-year report and agreed a new secretariat business plan for the period 2015-18. Finally, the Council noted that the next BIC summit would be hosted by the Scottish Government in June 2016.

Source: <http://data.niassembly.gov.uk/HansardXml/plenary-01-12-2015.pdf>

Brexit: Enterprise Minister's Vote

Summary: Mr Maginness asked the Minister of Enterprise, Trade and Investment, given the prospect of a referendum on the UK's membership of the European Union, if such a referendum took place tomorrow, what way would he, as Minister for Enterprise, Trade and Investment, vote. Minister Bell advised the Member that he wants people's decision to be based on the best and most informed knowledge and has commissioned research on the potential BrExit.

Mr Bell: The reality is that there will not be a referendum tomorrow, and there is not likely to be a referendum until, I understand, 2017. So, what this Minister for Enterprise has done is to commission research from Oxford Economics, because I want our people to have the best and most informed knowledge when they make these critical decisions. I have commissioned research not only on a potential Brexit but also on taking a laissez-faire approach, keeping it as it is, and what that would mean and what it would cost. I have also asked Oxford Economics and others to look at some of the other measures out there. Norway, I understand, has its own arrangements. The Swiss have a different relationship. Turkey has a customs relationship. So, the point has to be this: let us get the best, informed analysis to make our decision when the referendum comes.

Mr A Maginness: I thank the Minister for his answer. Quite clearly, he did not give me a definitive yes or no. His answer was about trying to inform the electorate of the issues, and I welcome that. I inform him that I would vote yes. Further to that, does he foresee, at any stage, any merit in Northern Ireland being outside the European Union?

Mr Bell: It is not my place to advise the Member, but if I may be so bold as to say that you should not say how you will answer the question until you know what the question actually is.

Northern Ireland has been a net beneficiary when it comes to moneys received from the EU. We do not know the referendum question, so I think that, in advance of knowing it, we have to be careful when trying to give answers. My position, which he knows, and which was so ably set out by our MEP Diane Dodds, is that I believe that the European Union needs to be renegotiated. We will then look at what comes out of that renegotiation to see what is in the best interests of Northern Ireland. Until we have had that renegotiation and that evidence, I do not think that you can start to make decisions, because decisions made without evidence and knowledge are usually pretty poor decisions. There will be big outcomes, whatever decision we make. That is why the best thing for us all to do, in advance of hearing the question, is to look at the advantages and disadvantages of a complete Brexit and at the other opportunities so that the people of Northern Ireland can be best informed. I believe that, in its current form, the European Union needs to be renegotiated.

Source: <http://data.niassembly.gov.uk/HansardXml/plenary-01-12-2015.pdf>



Friday, 27 November 2015

Protection of the Environment (Criminal Activity) Bill 2015: Second Stage

Summary: During this debate, Members discussed the Second Stage of the 'Protection of the Environment (Criminal Activity) Bill'. The Bill aims to provide for the establishment of a cross-Border statutory agency to investigate and report on fuel smuggling, other illicit trade and criminal activity in counties adjacent to the Border between Northern Ireland and the Republic of Ireland and proposes the establishment of a cross-Border multi-agency task force to tackle fuel smuggling.

Brendan Smith: I move: Last March I introduced this Bill, Protection of the Environment (Criminal Activity) Bill 2015, to provide for the establishment of a cross-Border statutory agency to investigate and report on fuel smuggling, other illicit trade and criminal activity in counties adjacent to the Border between Northern Ireland and this jurisdiction. The Bill proposes the establishment of a cross-Border multi-agency task force to tackle fuel smuggling. If enacted, the Bill would tackle the scourge of criminality in the Border region. It creates a cross-Border crime agency drawing together police, revenue and environmental agencies to root out fuel laundering, cigarette smuggling and other illicit trade.

This Bill offers a comprehensive and swift method to fulfil the broad outline set out in the document A Fresh Start: The Stormont House Agreement and Implementation Plan. The Government should support this Bill to ensure our obligations under this new agreement are holistically and rapidly met. This will help to generate real and vital momentum behind the agreement. In addition, the legislation includes an integral environmental component to deal with the devastating physical impact of fuel laundering. This is an essential ingredient in the legislation.

Fuel laundering, cigarette smuggling and other illicit trade form part of a broader corrosive wave of criminality in the Border region and, indeed, further afield. Unfortunately, in recent years two members of An Garda Síochána have been killed in County Louth. The murder of the Garda detective Adrian Donohoe has yet to yield any criminal prosecutions due to the wall of silence imposed by criminal gangs in the area.

In addition to the grim social impact, fuel smuggling and green diesel laundering represent a serious environmental threat. The chemicals used to extract green diesel dye generate serious environmental damage that affects both jurisdictions. The material produced as a consequence of removing green dye from diesel is highly toxic and has the potential to damage public drinking water supplies. The fuel laundering industry also spawns broader criminality such as illicit cigarette smuggling and trade in other counterfeit products.

For some years we have been aware of the large volumes of laundered diesel and, in more recent times, stretched petrol that are being traded even further afield than the Border region. The many negative aspects of these activities include a substantial loss of revenue to the State and a similar loss in Northern Ireland. It was estimated some time ago, and it was probably a conservative estimate, that more than €260 million is lost to the State annually as a result of illegal fuel smuggling. We also must consider the genuine grievance of small traders, because their business is being eroded by illicit trade. Individual motorists also incur substantial costs when, in good faith, they purchase a product without knowing it has been contaminated, resulting in high repair costs for engines and other vehicle parts.

This Bill proposes the establishment of a cross-Border multi-agency task force to spearhead efforts to rid us of this criminality, from whatever source. It must be rooted out of society. The proposals before this House should form part of the measures to be discussed in the upcoming trilateral meeting in December arising from the recent agreement, A Fresh Start: the Stormont Agreement and Implementation Plan. That agreement, which was signed in early November, sets out a cross-Border task force as one of its components in tackling paramilitary criminality. The details are due to be thrashed out in a trilateral ministerial meeting next month between the relevant Ministers, North and South and the British authorities. However, unlike the agreement outline, this Bill includes a

strong environmental facet to recognise the physical impact on the landscape and water supply in the Border region. This Bill should form the basis of the Government's engagement with the trilateral discussions in the coming weeks. It was reported in the print media yesterday that a Government spokesperson stated that this legislation is redundant. It is not redundant, however, because the proposals in A Fresh Start agreement outline do not refer to the environmental aspects of the work we propose the cross-Border body should undertake.

Source: <https://www.kildarestreet.com/debates/?id=2015-11-27a.5&s=cross-border#g20>